FSC-120-B	10/9/87
SUBJECT: Retail Price Communication	

DISTRIBUTION:

X	AVP	X	KAM	X	DM
X	RSM	X	AM	X	RM
X	RBM	X	AE		Sales Rep
X	ROM				Retail Rep

Objective:
- Clearly define price communication tactics for Full-Price/Savings.
- Provide clear direction for execution of tactics by segment for Full-Price/Savings.
- Announce new carton and pack pricers, paster and dump bin riser card for DORAL. (See Attachment A for illustrations and item numbers.)

Purpose: Several pricing tactics are currently being used at retail. The most commonly used tactics are:

- Net Price - Net promoted price of the brand being discounted.
  Example- $1.49
- Net Price/You Save - Net promoted price and the amount saved -
  Example- $1.49 You Save 20¢
- Net Price/Discount - Net promoted price and the discount offered.
  Example- $1.49, 20¢ off
- Consumer Math - Full retail price minus discount equals net price.
  Example- $1.69 - 20¢ = $1.49

The intent of this document is to provide pricing tactic priorities along with illustrations of these tactics.

Certain pricing tactics provide RJR the best possible price communication depending on:

- RJR brand (full-price or savings).
- Type of price promotion being executed, i.e., flighted or continuous buydown.
- How competitors are executing price communication.

DORAL

A) In accounts where a continuous buydown is in place, it is important for consumers to understand what the net price is, but also that DORAL is offering a "Special Price." In many cases, consumers think the net price is simply the store's everyday low price. Therefore, in accounts where a continuous buydown is in place, utilize the "Net Price/You Save" communication tactic.

Utilize pack pricer to communicate net price and amount saved.

Example: If Normal Price is $1.69, indicate on pack pricer: **Special Price (Net) $1.49 You Save 20¢**

If the price roll dial is being used with DORAL's PCD unit, it also should show the net promoted price $1.49. (See illustration on top section of Attachment B.)

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B) In accounts where a "flighted buydown" is being implemented or coupons/VPRs are being used, the pricing communication in Example A should be implemented as well. The only exception is when the DORAL price roll dial is being utilized, it should show the non-promoted price. The reason for this is that if coupons/VPRs, etc. sell out and the pack pricer POS is removed, then the normal/non-promoted price is still visible to the consumer.

Utilize pack pricer to communicate net price and amount saved.

Example: If Normal Price is $1.69, indicate on pack pricer: **Special Price (Net) $1.49**
You Save 20¢

If the price roll dial is being used with DORAL's PCD Unit, it should show the non-promoted price $1.69. (See illustration on top section of Attachment B.)

C) In accounts where there is no active trigger present (GPC/Basic/Marlboro) for DORAL discounting to take place, use the "Everyday Low Price" side of your pack pricer.

Utilize pack pricer to communicate "Everyday Low Price."

Example: If Normal Price is $1.69, indicate on pack pricer: **Everyday Low Price $1.69**

DORAL price roll dial should also show $1.69. (See illustration on bottom section of Attachment B.)

D) In all three examples above, it is very important to take full advantage of DORAL's new pack pricer and permanent price roll dial in communicating DORAL's price point. As a last resort, where supplemental pricers cannot be used, utilize DORAL channel strips to communicate DORAL's net price point.

E) In carton outlets, you should follow the same procedures as outlined for pack outlets in Examples A, B & C. Utilize DORAL's new carton pricer to communicate price. (See illustration on Attachment C.)

Full-Price

A) When executing price communication on Full-Price brands, communicate net promoted price only. Since our Gap strategy is strictly defensive, consumers generally will not switch as long as we maintain an acceptable price gap. By overemphasizing our discount, consumers may think we must reduce the price to sell the product. This could cause our Full-Price brands to lose equity.

To ensure the consumer is aware that the net price communicated is not the everyday price, CAMEL and WINSTON are producing "special offer" pricing POS. Once the "special offer" POS is available commodity numbers and other pertinent information will be communicated.

When using number fonts to place pricing on POS, ensure the correct size font is used. Do not cover the brand message/copy with pricing. For example only use 1" font on small starbursts.

B) During Plan B Period (PM Defense), match PM price communication tactic and tactic. Example: If PM communicates discount amount only, we would do the same.

Attachments D and E are illustrations/examples of price execution.

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CAMEL - Colin Uffindell, extension #1367
WINSTON/SALEM- Floyd Cook, extension #3466

R. J. REYNOLDS TOBACCO COMPANY

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New DORAL Carton and Pack Pricers, Paster and Dump Bin Riser Card Available for Order

Carton Pricer
Item #533300 (1/SKU)
Dimensions: 14 5/16" x 9 3/4"

Front

Back

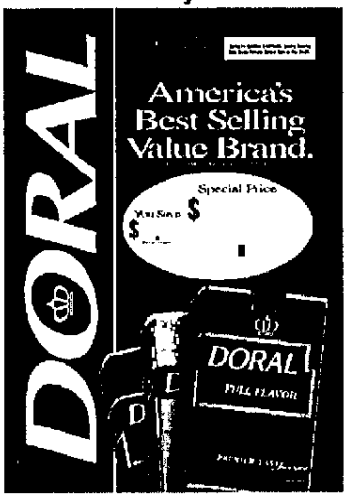
Pack Pricer
Item #523784 (1/SKU)
Dimensions: 10 1/8" x 7 1/16"

Front

Back

Large Paster
Item #533303 (1/SKU)
Dimensions: 18 1/4" x 24 3/4"

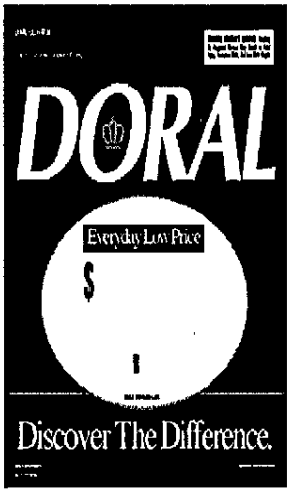
One-Sided Only



Dump Bin Riser Card
Item #523805 (1/SKU)
Dimensions: 17 1/4" x 14"

Front

Back



Special Note: All new pricer pieces will accommodate 3" fonts. (Use 1" fonts for "You Save.")

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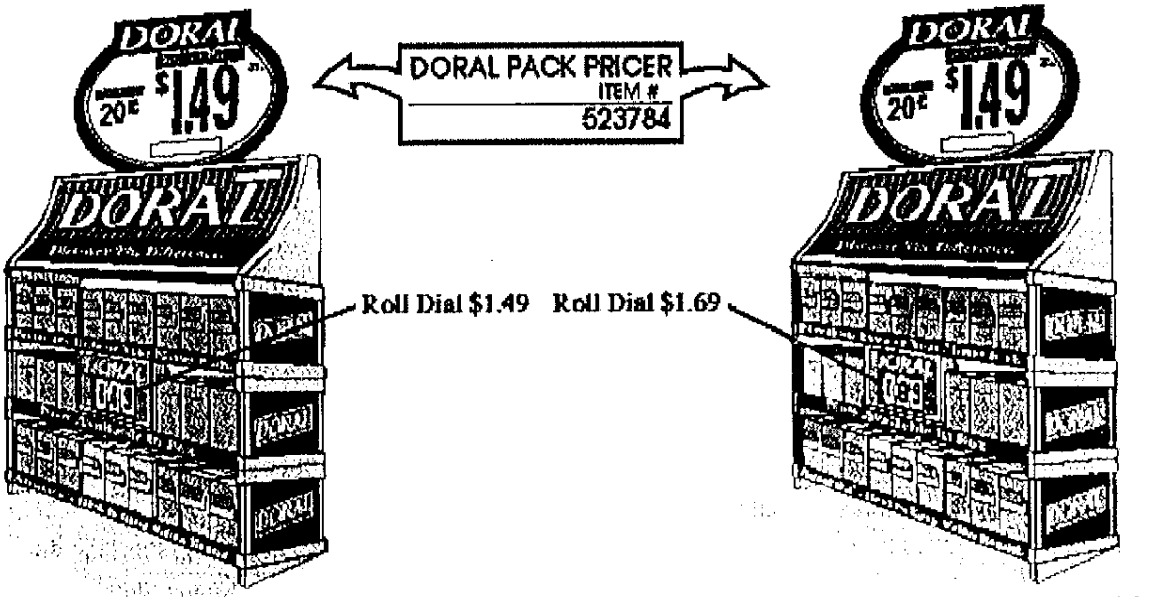
SAVINGS **PACKAGE OUTLETS** **Attachment B**

REGULAR PRICE: $1.69
DISCOUNT AMOUNT: .20
NET PROMOTED PRICE: $1.49

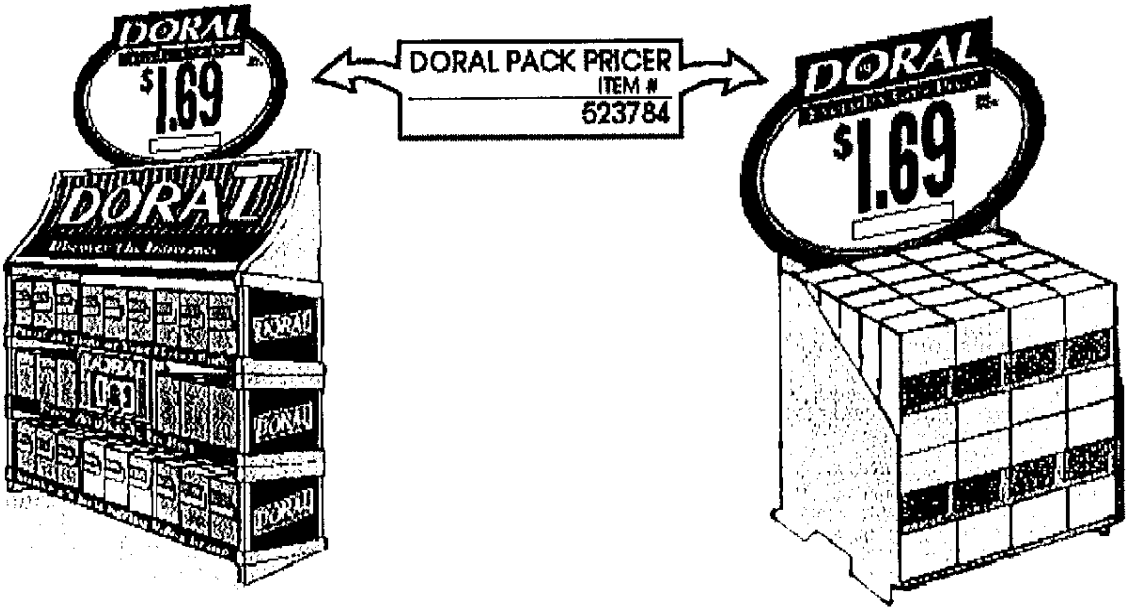
DORAL PROMOTED



"Continuous Buydown Example"

"Flighted Discounting Example"

DORAL NON-PROMOTED



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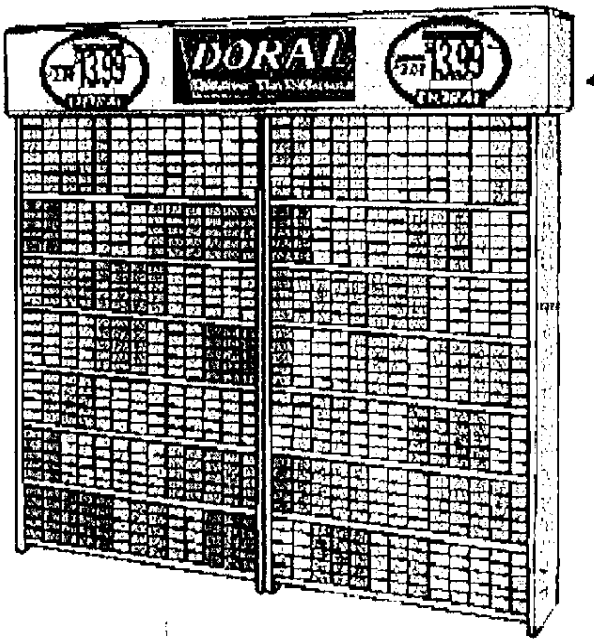
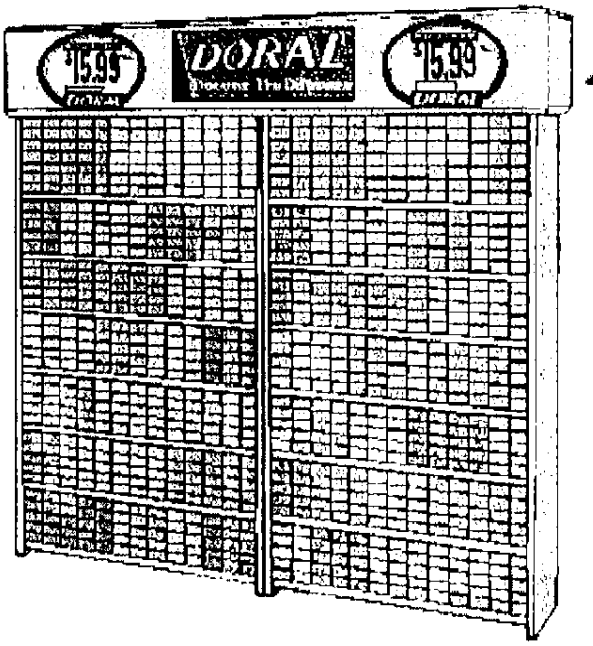
SAVINGS **CARTON OUTLETS** **Attachment C**

REGULAR PRICE: $15.99
DISCOUNT AMOUNT: $2.00
NET PROMOTED PRICE: $13.99

DORAL PROMOTED



DORAL NON-PROMOTED



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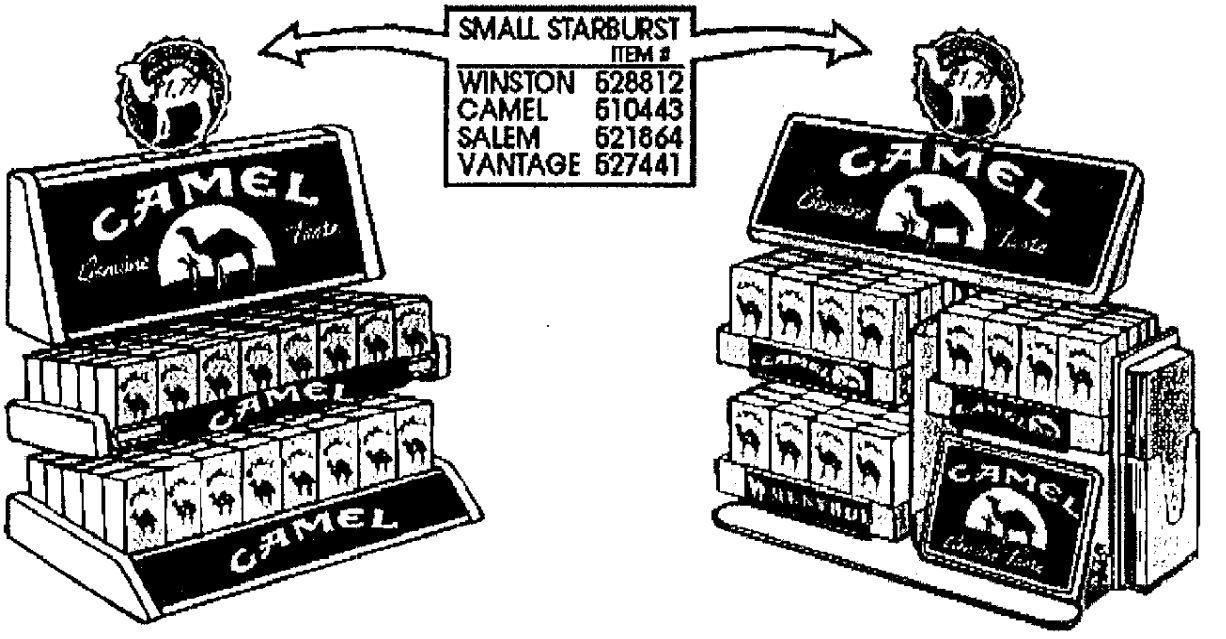
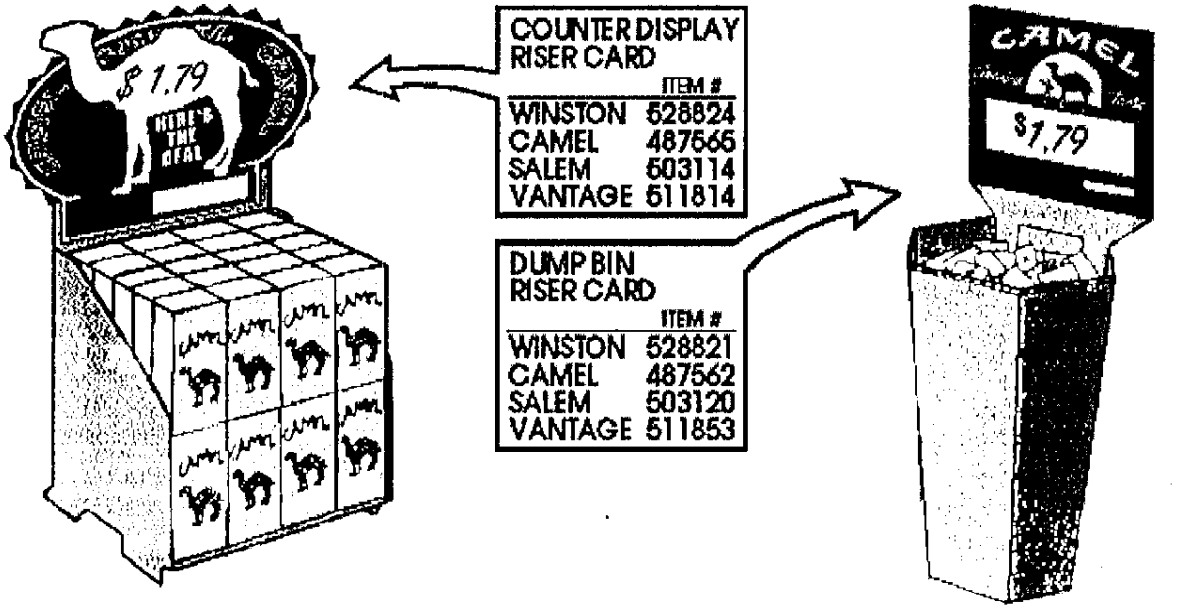
FULL PRICE PACKAGE OUTLETS Attachment D

REGULAR PRICE: $1.99
DISCOUNT AMOUNT: .20
NET PROMOTED PRICE: $1.79

FULL PRICE PROMOTED ON PERMANENT DISPLAYS



FULL PRICE PROMOTED ON TEMPORARY DISPLAYS



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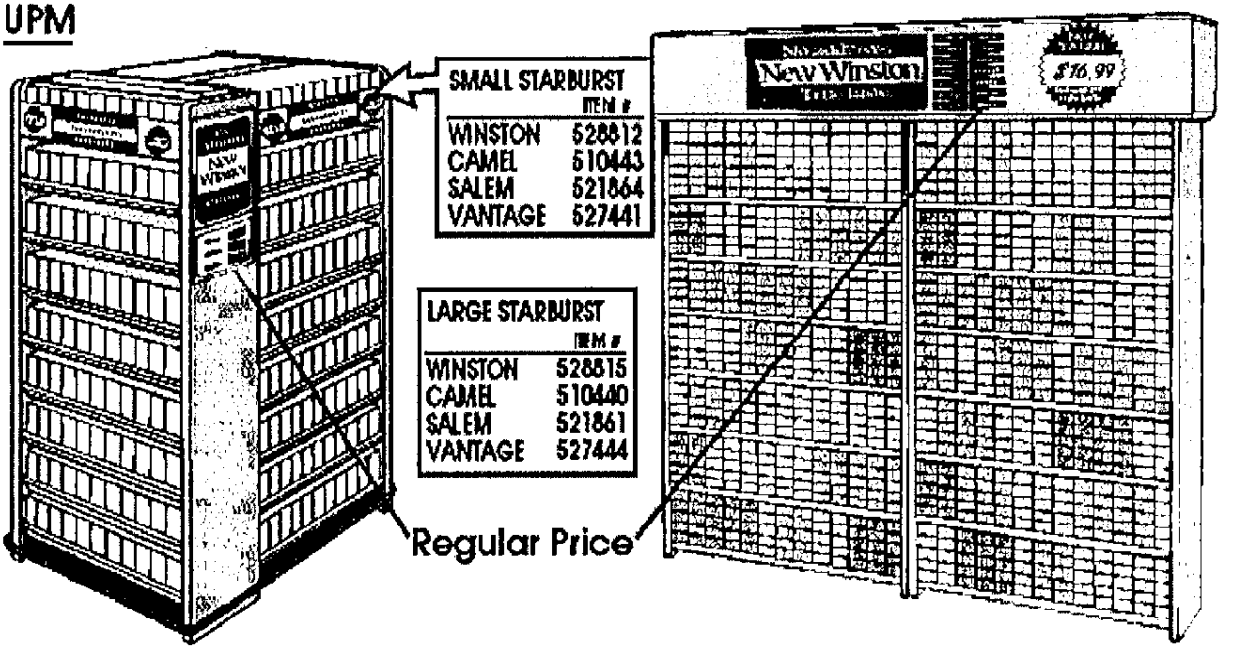
FULL PRICE CARTON OUTLETS Attachment E

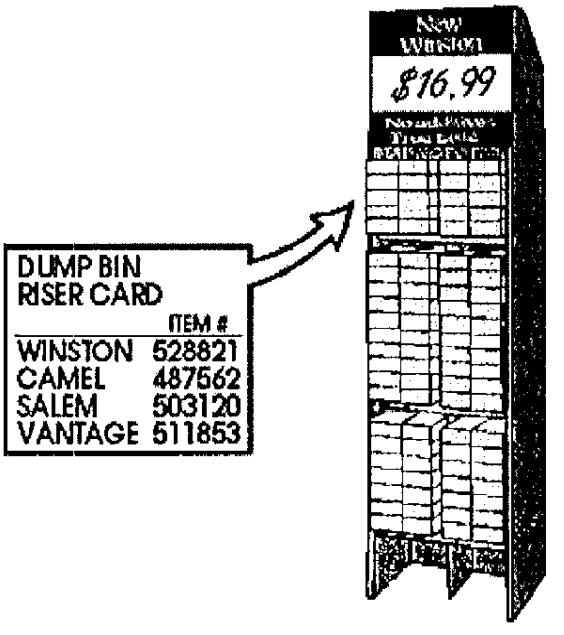
CARTON		PACK	
REGULAR PRICE:	$18.99	REGULAR PRICE:	$1.89
DISCOUNT AMOUNT:	$2.00	DISCOUNT AMOUNT:	.20
NET PROMOTED PRICE:	$16.99	NET PROMOTED PRICE:	$1.69

FULL PRICE PROMOTED ON PERMANENT DISPLAYS

UPM



FULL PRICE PROMOTED ON TEMPORARY FLOOR DISPLAYS



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